



To: Members of the Appropriations Committee

From: Brunilda Ferraj, Senior Public Policy Specialist

**Re: H.B. No. 6846 AN ACT IMPLEMENTING THE GOVERNOR'S BUDGET
RECOMMENDATIONS FOR HUMAN SERVICES PROGRAMS**

Date: February 27, 2015

Good evening Senator Bye, Representative Walker, and distinguished members of the Appropriations Committee:

My name is Brunilda Ferraj, Senior Public Policy Specialist at the Connecticut Community Providers Association (CCPA). CCPA represents community-based organizations that provide health and human services for children, adults, and families in multiple areas, including mental health, substance use disorders, and developmental disabilities. Our members serve more than half a million Connecticut residents each year.

I am here today to voice concerns about H.B. No. 6846 An Act Implementing the Governor's Budget Recommendations for Human Services Programs.

This proposed budget would cut spending in every area of health and human services. These cuts are probably the deepest in a generation. If implemented, this budget will gut community programs that serve the most vulnerable people in our state, who will have nowhere else to go. Individuals and families in need of critical community based services do not simply disappear if care is no longer available. Instead, they will seek exponentially more expensive services in emergency departments or worse, not at all. They may end up in jails, become homeless, or become a danger to themselves or others. The human, community safety, and economic costs of funding reductions are difficult to measure, but they are real.

Providers are already operating on limited budgets, the result of repeated rescissions and chronic underfunding. Doing more with less is no longer an option. This budget will close doors and ration access to health care and support services. We understand that this is a lean budget, but cuts to essential, lifesaving health and human services are unconscionable and do not reflect the values that we hold as a state to protect those who are most in need. If the state's most vulnerable citizens are not a budget priority, what is?

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Department of Social Services

CCPA is strongly opposed to the proposed reduction in Medicaid provider rates of \$225 million in this proposed budget - \$107.5 million in FY 16 and \$117.5 million in FY 17, after factoring in the federal share. As it stands, the Commissioner of DSS would have discretion over how to implement this cut; CCPA is concerned about the impact of these cuts on community based providers who provide mental health, substance abuse, and developmental disability services, particularly as primary care service rates will not be reduced.

This past year, CCPA commissioned an independent, nationally distinguished organizational consultant, MTM Services, to study the real cost of care versus revenues of private providers. As expected, findings from this study (including the attached chart) illustrate how Medicaid reimbursement rates do not cover the cost of care, leaving providers to operate at a loss for nearly every service delivered.

Among behavioral health services, for example, which are reimbursed through a Medicaid FFS delivery system, rates are so low that behavioral health providers lose more than \$27 million every year in the underfunding of the most utilized services, accounting for 75 percent of total service hours. Providers in the state's Medicaid waiver/per diem-based delivery system for disability services are also experiencing losses in every service. For example, nine providers of 24-hour residential supports each lose a total of \$8,000 per day.

Our state has a wide network of highly skilled and experienced professionals working in community based settings, providing services in accordance with best practices and evidence-based programs designed to meet the multiple and diverse needs of adults, children, and families. Not only are community based services effective, but they are exceptionally economical. However, without rates of reimbursement based on the actual cost of services delivered, community providers cannot maintain viable business models. As they continue to experience budget cuts, providers can no longer afford increasing costs and demand for services, which will soon lead to widespread program closures. For these reasons, we respectfully request that the Appropriations Committee spare community providers from further reductions in Medicaid reimbursement rates.

Additionally, CCPA is concerned over the proposal to reduce Medicaid funding by \$126.7 million (\$44.6 million in FY 16 and \$82.1 million in FY 17) for the transition of approximately 34,000 adults from the HUSKY A program to the CT Health Insurance Exchange. Currently, individuals receiving HUSKY A pay no premiums and do not participate in cost-sharing under the program. ~~And~~ While these adults will be eligible to purchase commercial insurance through the CT Health Insurance Exchange, there is a high possibility that they may not be able to, due to increased out-of-pocket costs. Although the federal government, per the ACA, will provide premium assistance and cost sharing subsidies, individuals' annual out-of-pocket health insurance costs may increase to as much as \$1,800 per year.

As one unintended consequence, HUSKY A adults experiencing financial difficulties may choose to forego health insurance altogether, resulting in increased costs and resources to the state of Connecticut in the long-term. Even if Husky A parents do choose to purchase insurance through the Exchange, there is a risk that they may choose to limit the use of needed health care due to higher cost-

sharing obligations. In the past few years, the state has made great strides in providing health care to its citizens. CCPA opposes this proposal, as it may stall Connecticut's progress in this area.

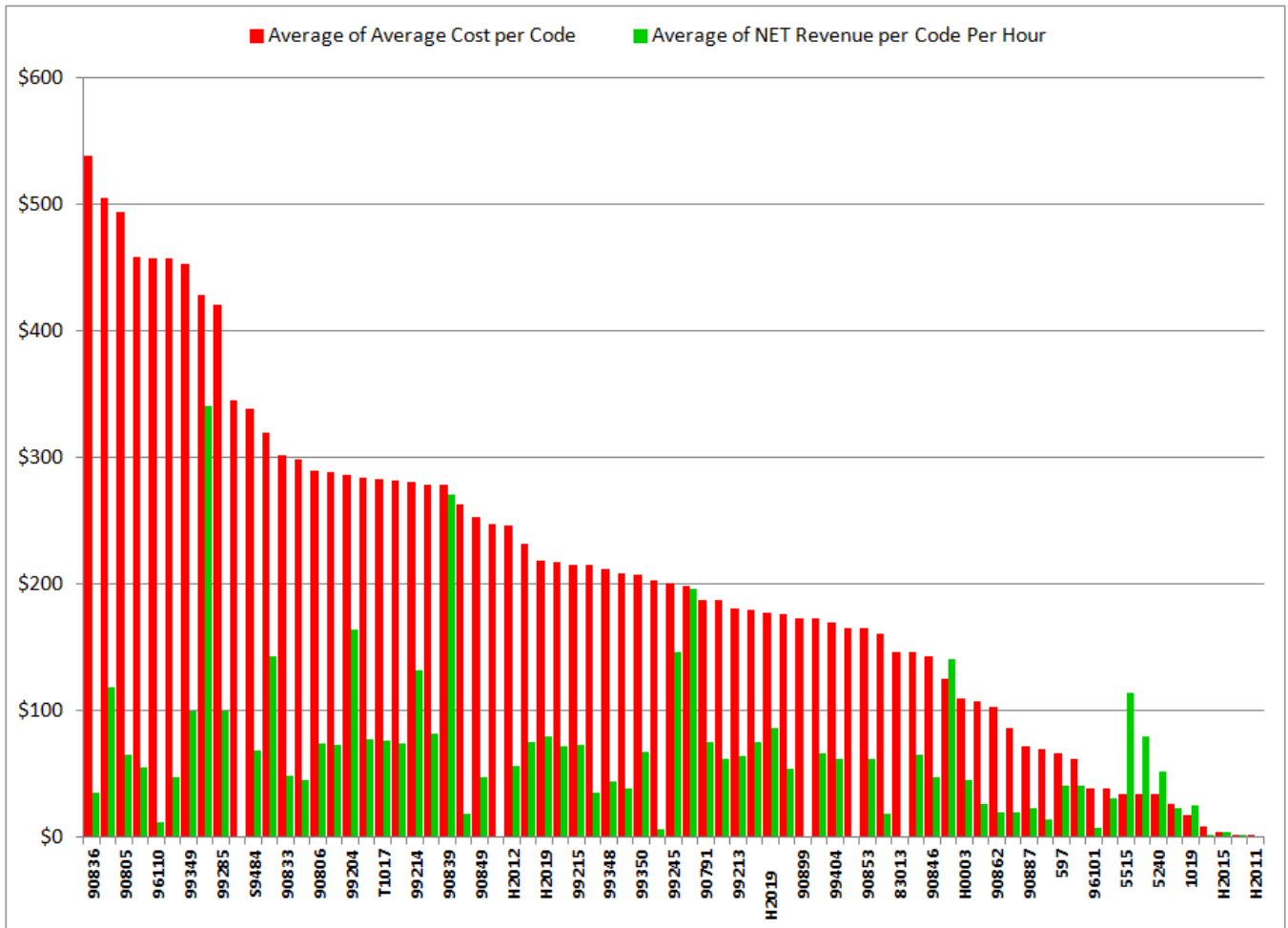
Department of Children and Families

CCPA is also concerned over the removal of funding in the DCF budget for two therapeutic group homes and one short term assessment and respite (STAR) home, totaling \$2.6M in each year. Therapeutic group homes serve children with significant behavioral health or developmental issues, and STAR programs provide short-term care, assessment and a range of clinical services to children removed from their homes due to abuse, neglect or other high-risk circumstances.

As you may know, over the past few years DCF has significantly reduced congregate care capacity in the state. And while CCPA agrees that every child should have the opportunity to reside with a family, we respectfully ask that the Committee refrain from further reducing funding for the residential level of care, as the level of need for these children is uncertain. Further, CCPA strongly urges that DCF commit to reinvesting all savings generated from the closing of group homes to expanding and strengthening community based services for children.

Thank you for your time and consideration of these important issues. I am happy to answer your questions or provide additional information (bferraj@ccpa-inc.org; 860-257-7909)

CCPA Costing Study
Behavioral Health Fee For Service
Cost vs. Revenue Per Code/Per Hour



Read the full report at www.ccpa-inc.org